



Government Administration and Elections Committee

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Testimony

By

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Co-Chairs, Ranking Members, and Members of the Government Administration and Elections Committee, I am Mun Choi, Provost and Executive Vice President for Academic Affairs at the University of Connecticut, and am here to speak with you about Raised Bill No. 6903, An Act Subjecting Foundations of Public Institutions of Higher Education to the Freedom of Information Act.

I would like to begin by thanking the committee for allowing me to appear before you today, but more importantly for your vision and leadership when it comes to higher education in Connecticut.

The growth and success UConn has experienced during the last two decades is remarkable, and the General Assembly's role has been critical and is very much appreciated.

But the landscape continues to change.

We are here today to talk about the UConn Foundation.

If there was any doubt that UConn will rely more and more on the Foundation in order to be successful, the proposed biennial budget should have erased it.

If enacted, the proposed budget would result in a \$40 million budget shortfall at UConn next year.

It is part of a longer-term trend. The old assumption was that the state would always be able to fund the lion's share of the university's budget.

Twenty five years ago, the state funded about half of UConn's budget. This year, it funds 29%.

In the past, UConn did not place an emphasis on private giving. Historically, UConn and the other New England public universities were not seriously engaged in private fundraising. Fundraising was reserved for New England's private colleges and universities. Those days are over.

Today, private donations are an essential resource for UConn, as they are for every great university, public or private.

Private giving, which has grown significantly under the leadership of Susan Herbst and Josh Newton, is absolutely essential to UConn's stability and success – now and even more so in the future.

But even with this recent success, the Foundation's endowment is a fraction of what it should be and needs to be.

That is why President Herbst and Josh are putting so much energy into driving philanthropy and cultivating donors.

And that is also why the Bill 6903 is a cause for serious concern.

The UConn Foundation plays an indispensable role in securing the charitable donations that enable UConn to provide vital student scholarships, faculty chairs and academic program enhancements – and does so in full compliance with state and federal laws.

The Foundation's support augments UConn's other revenue sources. It has made great strides, most especially in the last two years, to increase charitable gifts, surpassing those given to all of the other New England flagship universities.

The Foundation has demonstrated that it can succeed under the current statutory framework, which requires significant financial oversight and disclosure while maintaining appropriate distinctions between public and private entities.

In the new financial environment, every donor is vital. We cannot afford to lose any donor or drive any one of them away.

They and the Foundation should be applauded for the work they do, not looked on with suspicion.

Like most people, donors would like the freedom to choose what they give to and to decide how they would like their own money spent. They would also like to maintain their privacy.

They wish to donate to charitable organizations, not state agencies. And they have no desire to see UConn suffer because the state decides to treat charitable gifts as tax dollars.

Almost all donors restrict their donations for a specific purpose, and the Foundation is obligated to use those donations only for the purpose or purposes designated by the donor. By making their private contributions to a private entity, donors are assured that their intentions will be honored.

While some of our donors agree to allow the University to recognize them publicly for their gifts, some do not. They do not want their personal information and financial decisions reported in the news media.

These donors give to the UConn Foundation precisely because they want the option to keep their gift and expenditure information private. Making the foundation the equivalent of a state agency will, unintentionally but assuredly, affect the Foundation's ability to raise private funds.

The Foundation and its board operate just like most every other private charitable organization in Connecticut, and the obligations they have under the law to their donors are no different.

There are already significant safeguards and oversight practices in place that ensure the Foundation is being led and operated with the utmost integrity, which Josh Newton will discuss in more detail.

It is important to remember that UConn is unique among state agencies in that it operates in a very competitive environment. Over the past 20 years, and with your support and encouragement, UConn has been competing very effectively, making unprecedented progress in virtually every aspect by which higher education institutions are measured.

We are competing successfully for outstanding undergraduate and graduate students, accomplished faculty and administrators, grants and contracts, intercollegiate national championships, and for philanthropic support.

Donors have innumerable choices in determining the purposes for which, and the charitable organizations to which, they make their philanthropic investments. Retaining donor trust, confidence and confidentiality are critical components in donor decision-making.

The proposed legislative changes, if enacted in their present form, will place the Foundation at a competitive disadvantage.

It will treat the Foundation differently than every other charitable organization in the state -- weakening donor trust in the Foundation and creating a disincentive to make charitable gifts to benefit current and future UConn students and faculty.

For these reasons, I respectfully urge Committee members to consider the unintended, but real, implications of Raised Bill 6903.

Thank you.



Joshua R. Newton Testimony

March 16, 2015

**H.B. No. 6903 (RAISED) AN ACT SUBJECTING FOUNDATIONS OF PUBLIC
INSTITUTIONS OF HIGHER EDUCATION TO THE FREEDOM OF
INFORMATION ACT. (GAE)**

Co-Chairs, Ranking Members and Members of the Committee, thank you for your long-term support of the University of Connecticut and for the opportunity to comment on proposed legislation that would impact the UConn Foundation. My name is Josh Newton and I am the President and CEO of the UConn Foundation.

I've been at the Foundation for about 18 months and it has been an incredibly busy and successful time. Last fiscal year donors set a new record for charitable giving, making gifts and commitments totaling \$81.1 million, a 28.1 percent increase over the preceding year (an increase of more than \$20 million) and the highest level of giving to the University in the 50-year history of the UConn Foundation.

While there's reason to appreciate our progress, there's also cause for concern. As you're well aware there are several legislative proposals that, if passed, would undermine the Foundation's ability to continue our progress in raising private donations. This would have a dramatic impact on the University of Connecticut.

During the last few months I've had the pleasure of meeting with many legislators and discussing how the Foundation operates and why certain legislative proposals under consideration could impact the Foundation and ultimately students, scholarship, research and facilities at UConn and UConn Health.

As a result of my discussions with legislators, there appear to be three basic rationales for these legislative proposals.

First, the accountability argument. Some think that the Foundation is accountable to no one. Headlines about certain expenditures have been used as evidence of this; critics claim the Foundation spends donor money inappropriately.

Second, transparency. Some argue that keeping the names and personal information of donors confidential encourages malfeasance and allows donors to secretly gain an advantage should their company bid on a state contract.

Third, there are those who want all the Foundation's records to be disclosed so the State can use that information when making budgetary decisions for the University.

I am pleased to have this opportunity today to address each one of these arguments. It's my hope that after this public hearing you will have a fuller understanding of the Foundation's mission, how it works and why the proposals to change the rules are fraught with unintended consequences that would be detrimental to the Foundation and the University.

Reason the UConn Foundation Exists

Before I address those arguments though, I'd like to provide a brief overview of the Foundation, its internal and external controls, independent oversight and current level of disclosure. I believe this will help demonstrate that the current statutory framework governing public higher education foundations is effective and does not warrant the changes being proposed.

The UConn Foundation exists solely to promote the educational, research, and outreach missions of the University of Connecticut. The Foundation solicits, receives and administers gifts and financial resources from private sources to enhance the University. These private gifts provide additional support beyond the University's state appropriations, tuition and other revenue and grant income. Funds donated to the Foundation are used by UConn to provide scholarships, fellowships and other forms of financial assistance to students; provide support for endowed faculty chairs and professorships to help recruit and retain faculty to teach and perform research at the University; and fund various academic, professional, and economic development activities within each of UConn's schools and colleges in order to enhance learning opportunities and the pursuit of knowledge.

For more than two decades, the University and the Foundation have established a fee-for-service partnership, secured by an agreement, which stipulates that the Foundation will conduct private fundraising on behalf of UConn. The agreement details the two organizations' mutual fundraising goals and objectives, as well as the financial arrangements agreed upon to accomplish such goals. This is a long-standing and common practice at UConn and many other major public research universities, and fully consistent with Connecticut statutes governing the proper University-Foundation relationship.

Incredible Return on Investment

The support the Foundation provides the University is critical as it significantly augments UConn's other revenue sources. In these difficult economic times, this support is more important than ever.

In fiscal year 2014, the University paid \$8.0 million to the Foundation in support of fundraising. In return, the Foundation raised \$81.1 million – the highest level of giving in UConn's history and a remarkable return on investment for UConn.

Since 2000, the Foundation has raised nearly \$800 million from private sources for direct operational and endowment support at the University. At the close of fiscal year 2014, the endowment was valued at approximately \$365 million. Ten years ago, it stood at \$42 million. We have made significant progress, but we are substantially behind other top public universities with endowments all far exceeding one billion dollars.

So while the Foundation is outpacing all the other New England flagship universities, in comparison with our national peers, we have still have a great distance to travel.

Now I'd like to address the three basic arguments that I've heard for changing laws related to the Foundation and treating it differently than every other non-profit in Connecticut.

Accountability

Accountability. The Foundation is accountable in different ways to many different entities and I think it's important that I list some of them:

First, we're accountable to our donors:

- More than 90 percent of the gifts accepted by the UConn Foundation in 2013 were "restricted" by the donors to support a particular scholarship, faculty position or program. Even gifts that are considered "unrestricted" are given to support a particular school, college or University for programmatic enhancement.
- The Foundation has a fiduciary responsibility to comply with donor intentions and may not expend funds in a manner inconsistent with the terms of the gift provided by the donor. The Foundation routinely reports to major donors on the use of charitable contributions.
- The Foundation only accepts gifts that support the University's mission. While every gift does not reflect the University's highest priority, we are

obligated to honor the donor's decision for every gift we accept.

And for those who argue that the Foundation should be subject to even more government accountability than other non-profits because it supports a state agency – the answer is, it already is. The Foundation is subject to Conn. Gen. Stat. Sec. 4-37e. The full requirements are described in the appendix to this testimony. But it is important to detail some highlights in this testimony:

- The Foundation, as mandated under current state law, is audited every year by an independent CPA firm under generally accepted auditing standards with the report being reviewed by the President and CFO of the University and the report then being forwarded to the State Auditors of Public Account. The Attorney General also now receives a copy.
- If the independent audit indicates that funds for state accounts were improperly deposited in Foundation accounts, or state funds, personnel, services or facilities were improperly used, the State Auditors are authorized to conduct an audit of the Foundation's books and accounts pertaining to the violations.

Additional state and federal oversight includes:

- The Foundation is subject to the enforcement authority of the Connecticut Attorney General, as are all non-profit organizations operating in the state.
- The University's Office of Audit Compliance and Ethics and the Foundation's independent auditor annually review and test accounts to ensure funds are disbursed in accordance with donor intentions.
- The Foundation's agreement with the University is a public document approved by the University.
- The Foundation is required by law to annually file information with a number of states in order to solicit charitable funds in those jurisdictions. These filings are a matter of public record.
- Annual filing of a 990 IRS Tax Form which is comprehensive and subject to public disclosure.
- The Foundation is subject to scrutiny from outside debt rating agencies like Standards & Poor and Moody's due to having its own publicly issued debt. Financial information is submitted annually to the National Bond Depositories which is also available for public inspection.

The Foundation is also accountable to its Board:

- The Foundation is governed by an independent board of more than 50 members. The Board has eight committees that actively oversee the audit, development, investment, finance and human resource activities of the Foundation.
- And finally, the Foundation strictly adheres to its conflict of interest policy, and has a whistle-blower policy to encourage staff reporting of any unethical practices, violation of law, mismanagement or abuse.

Donor Privacy

The next argument is ostensibly about transparency. Some want to increase transparency by making private donor information public information.

Of course this would conflict with existing legislation, approved by the General Assembly and designed primarily to safeguard donor privacy. It's evident that at one time the legislature understood the connection between donor confidentiality and advancement of the Foundation's mission.

Some donors, usually major donors, want their personal and financial decisions to remain private. Virtually all non-profit foundations respect and guarantee that choice.

Requiring that information concerning potential and actual donors be public information will have a chilling impact on the Foundation's ability to raise private funds and undermine support for the University of Connecticut.

Connecticut's current law recognizes this reality by distinguishing the statutory requirements that are applicable to a state entity from those applicable to a private nonprofit foundation created to support that public entity's mission.

As part of that divide between the University and the Foundation, it's important to note that the University's contracting and purchasing processes, by policy and procedure, are completely separate from UConn Foundation activities. Information on private giving by individuals or businesses seeking to do business with the University is not shared with employees involved in the selection of contractors or those empowered to make purchasing decisions.

State bidding, contracting, and ethics laws (1-101nn), as well as Federal law, forbid Foundation relationships from influencing University purchasing decisions. University and Foundation policies and procedures ensure that no such influence occurs.

The Foundation and the University's Procurement Services are completely separate operationally and from a financial systems perspective.

University procurement policies and procedures require the University to select vendors based only on specified and publicized factors. Those factors have never, and could never, include a vendor's relationship with the Foundation. The University's sourcing processes are public and the University's adherence to the specified and publicized factors is subject to public scrutiny. Further, University procurement transaction data is included within the Transparency Connecticut website as required by PA 10-155 and is submitted annually.

The Foundation gift acceptance policies further prevents influence on the University's purchasing decisions by prohibiting donors from receiving any benefit in exchange for a tax deductible gift.

Budget decisions and Foundation independence

Finally, I've heard the suggestion from some that the Foundation should open its books to help the State of Connecticut balance theirs. As you will hear from donors who are attending this public hearing, safeguarding the Foundation's independence is extremely important to them.

The Association of Governing Boards of Universities and Colleges, representing more than 1250 public and private institutions, has articulated reasons why public colleges and universities establish institutionally related foundations, and the most compelling reason is to provide a means of clearly separating state and private funds.

Many donors simply want to make a gift to a private rather than a state entity. In this way, they can be assured that their gift will be invested profitably, distributed for the intended purposes only, and not become confused with state appropriations or other funds.

Donors want their gifts to be additive and if they have reason to fear that the State will play a zero-sum game with their private dollars, they will stop giving. Donor trust and confidence are essential components of successful fundraising. Although unintended, the reality is that the proposals before this Committee, if enacted, will undermine that trust and confidence.

And donors aren't the ones who may walk away. Certain fund managers used by the Foundation to maximize performance of the endowment might end their relationships with us if their investment strategies and communications with the Foundation were to be made public.

Conclusion

I hope that this written testimony has given you a sense that the UConn Foundation operates as a well-managed nonprofit organization with a focus on protecting our donor's right to privacy, following donor intent, and complying with all statutory, regulatory fundraising standard requirements. In addition, there are significant controls, oversight, and accountability in place currently at the federal and state level.

The model is working. The Foundation is building momentum and capacity – our initiative to double the amount raised for scholarships is evidence. Changing the rules in the ways proposed would be a serious mistake.

I urge you to respect the integrity of the Foundation's non-profit status; protect donor confidentiality; and treat the Foundation the same as all other Connecticut non-profit Foundations.

Thank you and I look forward to answers any questions that you may have.

UConn FOUNDATION

MEMORANDUM

To: Members of the Connecticut General Assembly

From: Joshua R. Newton

Date: March 16, 2015

Re: Proposed FOI legislation

I write as a follow-up to my recent public testimony before the Higher Education Committee on several proposed bills that, if enacted, would treat the UConn Foundation, Inc. as a state agency under the Connecticut Freedom of Information Act. Currently, the Act recognizes that the UConn Foundation is a private tax-exempt Connecticut non-stock corporation, and therefore not subject to the Act's disclosure provisions.

Some proponents of the legislative proposals assert that the Foundation meets the definition of the "functional equivalent" of a public agency. They cite a Connecticut Supreme Court decision that determined that Woodstock Academy was the functional equivalent of a public agency based on the fact that it served as the town of Woodstock's public high school.

I would like to share relevant information on the establishment and operation of the UConn Foundation that demonstrates that it is not the "functional equivalent" of a public agency.

In its decision, the Supreme Court set out a four-part test, derived from federal case law, to determine whether certain private entities are public agencies for purposes of state disclosure laws.¹ The decision stated that the four factors identified by the Court for making the determination are to be considered cumulatively and that no single factor is conclusive.²

First, whether the entity performs a government function. Woodstock Academy provided the education for the town of Woodstock's high school students. The UConn Foundation provides private fundraising, in addition to receiving, accounting for and managing donated funds for the University on a bargained for fee basis (just like all of the University's vendors). The University of Connecticut's mission is to "create and disseminate knowledge by means of scholarly and creative achievements, graduate and professional education, and outreach." The Foundation does not perform any academic function, but rather, raises private funds to enable the University to perform those academic functions. Raising private funds is not a basic governmental function.

Second, the level of governmental funding the entity receives. Woodstock Academy received over 95% of its operating expenses from local boards of education procured through public taxation. The UConn Foundation receives an annual fee for service payment provided by UConn, which amounts to approximately 50% of the Foundation's budget. UConn uses revenues it raises to make the annual payments, not funds procured by public taxation. Substantial portions of the Foundation's operating budget

come from non-governmental sources, such as investment earnings and donations. It is also important to note that there is case law where entities that receive a higher percentage of funding than the UConn Foundation receives were found not to be functionally equivalent.

Third, government exerts direct, continuous or pervasive control over the entity. Neither UConn nor the state exerts direct, pervasive or continuous control over the Foundation. The Foundation is controlled by an independent self-perpetuating volunteer board of directors. State employees who serve as ex-officio members of the board are not permitted to vote on Foundation board matters. The Foundation's bylaws also provide that only 40% of Foundation directors are required to be former university students. In addition to this autonomous governance structure, the day-to-day operations of the Foundation demonstrate its independence and the absence of control by the University and the state:

- Foundation employees receive compensation and benefits from the Foundation. Foundation staff members are not state employees and are not eligible for state salaries, benefits and pensions.
- The Foundation's facility in Storrs was financed and constructed, and is maintained by the Foundation. The Foundation's facility in Farmington is privately leased on property separate from UConn Health grounds.
- The Foundation purchases and maintains its own equipment (computers, phones, etc.).
- The Foundation holds and separately invests Foundation assets. University endowment funds managed by the Foundation are managed on a fee basis.
- The Foundation maintains separate legal counsel.
- The Foundation receives only gifts for which there is clear and convincing evidence of the donor's intent that the Foundation (not the University) receive the funds. Gifts intended for the University (e.g. bequests naming the University) continue to be deposited at the University.
- The Foundation has ultimate fiduciary responsibility for disbursing donated funds consistent with donor intent.

Fourth, the entity was created by the government. Woodstock Academy was created by state statute for the sole purpose of maintaining a public school. The UConn Foundation is not an entity created by state government. The UConn Foundation's original certificate of incorporation was filed by five private citizens on October 2, 1964.³ The Foundation is not a creation of state statute. Although the UConn Foundation, like all tax-exempt charitable organizations operating in Connecticut, complies with federal and state law (including, for example, laws applicable to federal tax-exempt organizations, the Connecticut Non-stock Corporation Act, the Connecticut Solicitation of Charitable Funds Act, and the Uniform Prudent Management of Institutional Funds Act), it is not a product of state law. In other words, the Foundation simply complies with state statutes.

There are additional factors that recognize the private status of the Foundation. The current statutory framework applicable to a foundation that supports a state agency permits independent audits, requires the foundation to compensate its staff independently, requires funds of the foundation to be returned as state assets only upon dissolution, and prohibits donated funds intended for the state agency from being deposited in the foundation.¹

In conclusion, the UConn Foundation's status is distinctively different from that of Woodstock Academy, and clearly does not meet the test established by the Supreme Court for determining that an entity is the functional equivalent of a public agency. The UConn Foundation does not perform a basic governmental function, is not nearly entirely publicly financed, does not operate under direct or pervasive governmental control, and was not created by the state. It is a private tax-exempt non-stock Connecticut corporation that donors rely upon to fulfill their charitable intentions. Changing that status will impair donor confidence and trust, undermine the Foundation's success and not serve the interests of UConn or the state of Connecticut.

¹ See *Board of Trustees of Woodstock Academy et. al. v. Freedom of Information Commission et. al.*, 181 Conn. 544 (Conn. 1980).

² See *Humane Society v. Freedom of Information Commission*, 591 A.2d 395 (Conn. 1991) (requiring all relevant factors are to be considered cumulatively with no single factor being essential or conclusive).

³ Joseph B. Burns (private practice attorney), Ellis C. Maxcy (President of SNET), Lester Shippee (Chairman of the Board of Connecticut Bank and Trust), Dr. Laurence J. Ackerman (retired dean of the School of Business), Harry Archambault (owner of Archambault Insurance). See original Certificate of Incorporation filed October 2, 1964.

⁴ See Conn. Gen. Stat. Sec. 4-37 *et seq.*

Shari Cantor Testimony

March 16, 2015

H.B. No. 6903 (RAISED) AN ACT SUBJECTING FOUNDATIONS OF PUBLIC INSTITUTIONS OF HIGHER EDUCATION TO THE FREEDOM OF INFORMATION ACT

Hello, my name is Shari Cantor and I want to thank the members of the Government Administration and Elections Committee for allowing me to speak at this public hearing today. I'm here to comment on the legislative proposal that would impact the University of Connecticut and the UConn Foundation. It is my hope that you will carefully weigh not only my testimony but that of others who can offer insight into how these proposals would make it more difficult for the UConn Foundation to raise funds to benefit our flagship state university.

My involvement with UConn goes back more than 25 years, when I was a student in Storrs. Now I'm the wife of a UConn alumnus and parent of a UConn student, with two more of my children perhaps hopefully matriculating in the near future. I am a donor, a lifetime member of the Alumni Association and currently serve as a member of the University's Board of Trustees. As you can tell, I'm a Husky. I bleed blue.

I support UConn because I benefitted from the university. I believe my indebtedness obligates me to give back and help UConn to benefit as many deserving Connecticut students as possible. I also donate so UConn can continue to build on its successes. Today, UConn is one of the best public universities in the country, attracting and retaining top-tier students. To support this ongoing effort, my husband and I have created four scholarships, two of them specifically for members of under-represented communities. We have also donated funds to help the university build its national reputation and attract the best faculty members from throughout the world.

My family's decision to give has coincided with the decision by state policy makers, most likely including many of you, to invest in UConn. Initiatives like BioScience Connecticut and NextGenCT send a clear signal to donors that giving to UConn is a good investment. The support from the General Assembly and from philanthropy – through the UConn Foundation - have helped UConn build, year after year, the most accomplished and diverse student-body in its history. Despite the studies showing that young people increasingly prefer urban, warm weather climates for college, the number of accomplished students applying to UConn keeps climbing.

It's clear that the expectations for UConn – both within Connecticut and nationally - have changed. We expect UConn to be a national leader in scholarship and research, not to mention athletics. Meeting these new standards for excellence requires continued leadership from Storrs and Hartford. But vision isn't enough. Financial support from the state is essential – even in tough budget times. And philanthropy must play an even bigger role.

To be a top-ranked school more students will need more financial aid. More faculty members will require additional support for their research, and more facilities will need to be built and upgraded to provide state-of-the-art learning environments. We know that taxpayers cannot do it all. UConn simply cannot meet and exceed expectations without a successful fundraising program. The UConn Foundation must be successful if we are to build a \$1 billion endowment that will begin to equal that of our peer institutions.

I doubt that anyone disagrees with anything I just said. But inexplicably, this legislative committee is considering proposals that would make it more difficult for UConn to meet our collective expectations.

Treating the Foundation differently than any other non-profit organization in Connecticut makes no sense. It won't encourage donors to give, it won't help students and it won't attract additional research dollars. Here's what it will do: targeting the Foundation – and by extension UConn's donors – will allow members of the press and public to easily criticize how private individuals spend their own money. UConn donors would soon learn that there would be two standards for philanthropic giving in Connecticut; Give to any charity other than UConn and your privacy is honored. But give to UConn and you can expect public scrutiny, second-guessing of your intentions and perhaps one day, even redirection of your own money by state officials. Under these new rules, you would be adding a significant disincentive to giving to UConn.

Although unintended, there are real consequences to what some members of the General Assembly are proposing related to the UConn Foundation. Private giving and all the good that it creates will be negatively affected as donors who currently bleed blue start seeing red.

Thank you and I'm happy to answer any questions.

Trayvonn A. Diaz Testimony

March 16, 2015

H.B. No. 6903 (RAISED) AN ACT SUBJECTING FOUNDATIONS OF PUBLIC INSTITUTIONS OF HIGHER EDUCATION TO THE FREEDOM OF INFORMATION ACT

Good morning. My name is Trayvonn Diaz, from Waterbury, Connecticut and I am a senior at the University of Connecticut. I'm honored to be offering testimony today to this legislative committee. As a political science major, I'm especially grateful for this opportunity to see our legislative process up close. Of course today, I'm more than a witness to it – I am compelled to participate because of my passion for UConn.

It seems everyone these days is talking about college affordability: President Obama, members of Congress, legislators in this building and certainly students in Storrs. I believe, as I'm sure you do, that it's critically important for higher education to be accessible to all students. This cannot happen without philanthropy.

I'm proof. I was raised by a single mother of six. She has not been able to provide me with financial support for college so I have taken on the burden of all of my expenses. Without my scholarship helping pay for my tuition, there is no way I would be at UConn. I am one of more than 10,000 students at UConn who receive some type of financial aid and I know that while tuition funds some of that aid, private donors provide a significant amount – and that percentage is likely to grow. So, I am concerned with any legislative proposal that would deter donors from giving. Less support for scholarships would mean that fewer people with great potential would be able to attend UConn.

I submit to you that I am the type of student policy makers should want to keep in Connecticut.

I have previous experience as a member of the Student Philanthropy Association, member of the group Revolution against Rape, Chief Financial Officer of the National Residence Hall Honorary, one of 15 UConn students chosen for the Leadership Legacy Cohort, a peer mentor for minority students, a resident assistant, tutor and counselor for Connecticut's Foster youth, Congressional

intern, political campaign volunteer, and member of the Board of Directors of the UConn Foundation.

As you can see, I am committed to giving back and proud to support the Foundation's initiative to double the amount it raises for scholarships and fellowships over the next five years as it will transform lives. My hope is that the General Assembly will not inadvertently stand in the way.

If donors are no longer comfortable giving to the UConn Foundation, I fear that they will simply choose other charitable organizations to support. I have heard that some might think this is a scare tactic; but what's most frightening to me is the idea of donors no longer choosing to give.

Perhaps not all donors, but enough that students like myself cannot receive the scholarships they need.

I fail to see how that outcome would help address college affordability. As a political science and philosophy double-major I can appreciate debates about the theoretical. But the actual consequences of legislative proposals before this committee suggest detrimental effects both to the students and the future of the University.

Thank you very much for your time and consideration.

Phillip Lodewick Testimony

March 16, 2015

H.B. No. 6903 (RAISED) AN ACT SUBJECTING FOUNDATIONS OF PUBLIC INSTITUTIONS OF HIGHER EDUCATION TO THE FREEDOM OF INFORMATION ACT

Good morning! My name is Philip Lodewick and I thank you for the opportunity to speak with you today. I have no self-interest in coming before you – only affection for a University from which I received two degrees in the 1960's.

I do come before you cognizant of the University of Connecticut Foundation's need to balance the interest of a University in great transformation and the careful management of all the resources to which it has been entrusted. They must continue to be responsible partners in change with the State of Connecticut.

As a past Chair of the UCONN Foundation and having volunteered nearly 15 years as President and Chairman of the Mansfield Downtown Partnership – building out the downtown Storrs Center – as I travel this State I can tell you what resonates is an absolute affirmation of what UCONN has become with inspired State of Connecticut and Institutional leadership.

The University has embarked on a bold strategic plan that has – at its core- the goal of being the best. After operating for years with an inferiority complex in a private school mentality region of the country, it has developed a long-term strategy for educational, intellectual and institutional growth. It is bold, ambitious and requires financial resources.

We have been a University in a State that had a long history of exporting its best and brightest high-school students to places other than its own best educational institutions. Now, from north, east, south and west they are coming – enrolling the best to UCONN campuses – reversing the brain drain that will have long-term positive economic, social, and political benefit to the state and region.

Part of the reason for this is what you have done as visionary State legislators, part of it is because of the strong support the University of Connecticut Foundation has been able to provide to support the mission. The partnership works, don't break it!

Legislation currently under consideration by this committee and others would undermine the UConn Foundation's ability to raise private dollars which benefit students, faculty and programs at UConn. Even the assumption of the State dictating

Foundation operating policy would have a chilling effect on giving. And make no mistake – private philanthropy is the difference between good and great Universities.

Donors to any non-profit have many expectations, the first being that the organization honor their wishes with regard to their philanthropy. Some expect that their personal financial decisions will remain confidential and all that their gifts will be used in accordance with their wishes. Honoring donor confidentiality and intent are essential parts of fundraising practices; without it donors will walk away.

This is why the proposals under consideration are so dangerous – they potentially strip away the two integral components of successful fundraising practices and fiduciary responsibility.

To make matters worse, the proposals under consideration would treat higher education donors differently than donors to any other non-profit in Connecticut because the legislation only targets foundations that support institutes of higher education. For example, it explicitly treats the Foundation like a state agency in terms of public disclosure.

While donors do not give to state agencies voluntarily – this is what their taxes are for - when it comes to their own money, donors want to know that the state won't redirect their gifts or use the private funds to supplant state support. Treating the Foundation like a state agency and eroding the Foundation's independence sends a very bad message to donors. Will my gift really amplify a program or will the State just cut back support because of Foundation fund-raising success? Even if that is not the intent of the legislation, potential donors will stay on the sidelines because it is again more politics when the giving should be easy and supportive of UCONN.

The Foundation does not operate in secrecy – in fact it is more transparent than any other non-profit in Connecticut. There are layers of disclosure already mandated internally, by the University and State, and by an internationally recognized accounting firm whose job it is to make sure there is no financial impropriety.

The Foundation has proven itself to be a winning partner to the State and University – a professional, well-run and successful organization. The University needs them – and donor support – now more than ever.

Thank you for your time and attention.

Philip Lodewick